

Message Text

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ORIGIN EB-11

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FM SECSTATE WASHDC

TO AMEMBASSY LUSAKA

INFO AMEMBASSY KINSHASA

AMCONSUL LUBUMBASHI

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E.O. 11652: N/A

TAGS: COEIND, ETRD, ZA

SUBJECT: COBALT STOCKPILE SALES

REF: LUSAKA 515; STATE 14714

1. AT PRESENT TIME GENERAL SERVICES ADMINISTRATION (GSA) HOLDS APPROXIMATELY 58,009,000 POUNDS OF COBALT AS PART OF NATIONAL STRATEGIC AND CRITICAL MATERIALS STOCKPILE. OF THIS AMOUNT 19,809,000 POUNDS HAS BEEN AUTHORIZED BY CONGRESS FOR DISPOSAL. ABOUT 5,057,000 POUNDS OF COBALT HAS BEEN SOLD BY GSA DURING FY 1974. RELEASES SINCE BEGINNING OF CALENDAR YEAR 1974 HAVE BEEN:

DATE	AMOUNT	PRICE RANGE
JAN 22	379,879 POUNDS	2.75-2.873 DOLS.
MAR 6	541,706 POUNDS	2.745-2.795 DOLS.
MAR 26	665,726 POUNDS	2.745-2.81 DOLS.

2. GSA MATERIAL IS SOLD ON "AS-IS" BASIS F.O.B. STORAGE DEPOT, WITH NO WARRANTY AS TO CHEMICAL ANALYSIS OR PHYSICAL UNCLASSIFIED

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CONDITION. RELEASES ARE LIMITED TO APPROXIMATELY 1,000,000

POUNDS PER MONTH (AND 500,000 POUNDS PER MONTH FOR ANY ONE BIDDER, EXCLUDING BIDS WHERE BIDDER IS ACTING AS AGENT FOR ANOTHER PARTY). STOCKPILE COBALT MAY BE EXPORTED.

3. ALL MATERIAL LISTED FOR SALE UNDER CURRENT SOLICITATION NOTICE (ISSUED MARCH 1972) HAS ESSENTIALLY BEEN SOLD. FUTURE AWARDS WILL BE MADE FROM NEW LIST OF ITEMS SUBJECT TO BID. NEW LIST ISSUED MARCH 28, 1974, OFFERS APPROXIMATELY 17,000,000 POUNDS OF COBALT LOCATED AT 15 STORAGE LOCATIONS. OF THIS AMOUNT ABOUT 7,354,000 POUNDS IS IN FORM OF RONDELLES, 9,785,000 POUNDS IS GRANULES, AND SMALL AMOUNT IS IN FORM OF CONES. TERMS OF MARCH 1972 SOLICITATION NOTICE WILL APPLY TO ALL SALES FROM NEW LIST, INCLUDING 1,000,000 POUND-PER-MONTH LIMITATION. (GSA RELEASES THUS FAR IN FY 1974 ARE WELL WITHIN ANNUAL CEILING OF 12,000,000 POUNDS.) BIDS IN RESPONSE TO NEW GSA SOLICITATION WILL BE OPENED ON APRIL 11, 1974, AND AWARDS WILL BE ANNOUNCED ONE OR TWO WEEKS LATER.

4. AFRICAN METALS PRICE FOR 250 KG SHOT/CATHODE REMAINS AT 3.10 US DOLS PER LB, AS COMPARED TO MARCH 1973 PRICE OF 3.00 DOLS PER LB AND MARCH 1972 PRICE OF 2.45 DOLS PER LB. ALTHOUGH GSA HAS STEPPED UP ITS COBALT SALES IN RECENT MONTHS, USG CONTINUES TO BELIEVE THAT SUCH SALES HAVE NOT DISRUPTED WORLD COBALT MARKET.

5. OMNIBUS DISPOSAL BILL, WHICH WOULD INCREASE AMOUNT OF COBALT STOCKPILE ELIGIBLE FOR SALE BY ADDITIONAL 26,255,000 POUNDS, IS STILL PENDING BEFORE HOUSE ARMED SERVICES COMMITTEE, AND ACTION ON IT IS NOT ANTICIPATED SOON. RUSH

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